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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
HEALTH BENEFITS COMMITTEE  
MEETING MINUTES**

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**May 14, 2008**

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The Health Benefits Committee met on Wednesday, May 14, 2008, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 12:30 p.m. with the following members present:

Priya Mathur, Chair  
George Diehr, Vice Chair  
Ruth Holton-Hodson representing John Chiang  
Rob Feckner  
Debbie Endsley representing David Gilb  
Henry Jones  
Tricia Wynne representing Bill Lockyer  
Tony Oliveira  
Anne Sheehan

Other Board members present:

Lou Moret  
Kurato Shimada

**AGENDA ITEM 2 – APPROVAL OF APRIL 22, 2008, HEALTH BENEFITS COMMITTEE MEETING MINUTES**

The April 22, 2008, Health Benefits Committee meeting minutes were approved as presented.

**AGENDA ITEM 3A – AB 1997 (HAYASHI) CALPERS ANNUITANT VISION CARE PROGRAM**

Wendy Notsinneh, Chief, Office of Governmental Affairs, presented information on AB 1997 and staff's proposed amendments. This bill would allow annuitants (as defined under the CalPERS Health Benefits Program) of public agencies, school districts and universities contracting with CalPERS for retirement benefits to participate in the CalPERS Annuitant Vision Care Program.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt a support, if amended, position on AB 1997 - CalPERS Annuitant Vision Care. The bill should be amended to: 1) clarify the Board's investment and administrative authority over the CalPERS Annuitant Vision Care Program Fund, 2) require an

appropriation/funding source to cover start-up costs, and 3) allow for a programmed implementation date.

Debbie Endsley ABSTAINED.

Harvey Robinson, Retired Public Employees' Association, spoke on this item.

### **AGENDA ITEM 3B – AB 2158 (SOTO) BLOOD-BORNE OR AIRBORNE DISEASES**

Wendy Notsinneh, Chief, Office of Governmental Affairs, presented information on AB 2158 and staff's proposed amendments. This bill provides that if a state employee's dependent or former dependent contracts a blood-borne or air-borne infectious disease from the employee, he or she may be compensated for health care costs associated with the disease. If the dependent elects to receive this benefit, the bill provides that he or she may not bring civil action against the State.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt an oppose, unless amended, position on AB 2158 - Blood-Borne or Airborne Diseases. This bill should be amended to place this legislation in an appropriate Labor Code section rather than impacting PEMHCA.

### **AGENDA ITEM 4A – CALIFORNIA REGIONAL HEALTH INFORMATION ORGANIZATION – PROPOSED CONTRACTS**

As an information item, Peter Mixon, General Counsel, updated the Committee on discussions being held between CalRHIO and CalPERS' health benefit plans relative to the execution of agreements between these entities for the providing of CalRHIO services to members.

### **AGENDA ITEM 6A – BLUE SHIELD NETVALUE UPDATE**

As an information item, Tom McCaffrey, Blue Shield of California, presented the current status of the NetValue HMO Plan, which became effective January 1, 2008.

Mr. McCaffrey provided information on the plans' current network; projected and actual plan cost savings; member enrollment and satisfaction; and, Blue Shield's member outreach and education efforts to promote further plan enrollment.

### **AGENDA ITEM 7A – PHARMACY BENEFITS MANAGER CONTRACT EXTENSION**

Gregory Franklin, Assistant Executive Officer, Health Benefits Branch, presented staff's recommendation for extending the current Medco Pharmacy Benefits Manager (PBM) contract. Medco provides PBM services to CalPERS Self-Funded Preferred Provider Organization (PPO) members. A three-year contract with Medco for PBM services began July 1, 2006 and expires June 30, 2009. Extending the contract eighteen months will align the contract end date to be consistent with all other health care contract end dates.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board approve staff's recommendation to extend the Medco PBM contract to eighteen months based on negotiated contract terms.

Brian Caldeira, SEIU, spoke on this item.

## **AGENDA ITEM 7B – APPROVAL OF 2009 SELF-FUNDED PLANS BENEFITS AND RATES**

Gregory Franklin, Assistant Executive Officer, Health Benefits Branch, presented the proposed 2009 rates for the State self-funded health plans. The self-funded health plan rates for contracting agencies will be presented at the June 18, 2008, Health Benefits Committee meeting.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve staff's recommended 2009 State rates for the self-funded health plans as set forth in Attachment 1.

## **AGENDA ITEM 9A – REGIONAL PRICING UPDATE**

As an information item, Sandra Felderstein, Chief, Office of Health Policy and Program Support, provided staff's analysis of the current contracting agency regions used for establishing regional pricing and recommended that no changes be made to the existing regions for 2009. In September 2008 staff will report any recommended changes to their regions for the 2010 rate year to permit the Committee and constituents time to review any recommendations, and give CalPERS staff and our plan partners adequate time to implement any changes the Board may enact for 2010.

## **AGENDA ITEM 11 – ASSISTANT EXECUTIVE OFFICER REPORT**

Gregory Franklin, Assistant Executive Officer, Health Benefits Branch, provided information to the Committee on the Health Benefits Committee Assignment Matrix; the April 18, 2008, SEIU data request; and, the current financial status of the PERS Select PPO Plan.

## **AGENDA ITEM 12 – PROPOSED AGENDA FOR JUNE 18, 2008, HEALTH BENEFITS COMMITTEE MEETING**

The proposed June 18, 2008, Health Benefits Committee Meeting agenda was accepted as presented.

## **AGENDA ITEM 13 – PUBLIC COMMENT**

Neal Johnson, SEIU Local 1000, spoke on 2009 health plan benefits and rates.

The meeting was adjourned at 2:04 p.m.

The next meeting of the Committee is scheduled for June 18, 2008, in Sacramento, California, following adjournment of the Benefits and Program Administration Committee.

Attachment

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Kenneth W. Marzion  
Interim Chief Executive Officer